



## Study on the Buying Motives and Prospects for Small Car Users in Hosur City



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### Abstract

Liberalization in 1991. The availability of many alternatives within the city provides an opportunity to the consumers to make a rational decision after considering all the options. Today is an era which is characterized by a consumer's market where the manufacturers and marketers not only take into consideration the consumer orientation to make them satisfied but goes one step ahead of achieving. Consumer delight. Consumers look for those differentiating parameters, which may help them to make the best decision and can be proved as value to money proposition for them. It makes more important to analyze the consumer perceptions and behavior of the passenger car owners which will give the feedback pertaining to designing the marketing strategies. The objective of this paper is to investigate those differentiating parameter and effect of the reference group that influences the consumer buying behavior of car owners within the city of Hosur. The primary data was collected from 191 respondents, located Hosur in using convenience sampling. The results revealed the strong influence of attributes like price, fuel efficiency in buying decision and importance of reference group.

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### 1. Introduction

The automotive industry in India is one of the larger markets in the world. It had previously been one of the fastest growing globally but is currently experiencing flat or negative growth rates. India's passenger car and commercial vehicle manufacturing industry are the sixth largest in the world, with an annual production of more than 3.9million units in 2011. According to recent reports, India overtook Brazil and became the sixth largest passenger vehicle producer in the world (beating such old and new automakers as Belgium, United Kingdom, Italy, Canada, Mexico, Russia, Spain, France, and Brazil), grew 16 to 18 percent to sell around three million units in the course of 2011 and 2012. Kaur and Sandhu (2006) attempted to find out the important features which a customer considers while going

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for the purchase of a new car. The study covers the owners of passenger cars living in the major cities of the Hosur. The respondents perceive that safety and comfort are the most important features of the passenger car followed by luxuriousness. So the manufacturers must design the product giving maximum weight age to these factors. [Chidambaram and Alfreed \(2007\)](#) postulate that there are certain factors which Influence the brand preferences of the customers. Within this framework, the study reveals that customers give more importance to fuel efficiency than other factors.

They believe that the brand name tells them something about product quality, utility, technology and they prefer to purchase the passenger cars which offer high fuel efficiency, good quality, technology, durability and reasonable price. Many comprehensive theories/models have been developed within the field of consumer behavior ([Harward and Sheth 1969](#); [Nicosia, 1966](#)). Models have also been developed for a specific context, such as for family decision making and Information processing. These theories have played an important role by detailing how a various factor influence consumer behavior. An extensive review of the literature reveals that there is no simple framework that lends itself to a comprehensive study of consumer behavior. The paradigm proposed four sequential stages to represent the purchase and consumption processes. These four stages are named Access, Buying Behavior, Consumption Characteristics and Disposal.

## 2. Research Methods

The research aims to examine the buying behavior of consumer for passenger cars in Hosur. As the universe of the study is large, the researchers have decided to select sample respondents by adopting the Simple Random Sampling Technique. A total of 100 Interview schedules were prepared and out of this, only 80 interview schedules were filled up and collected. A scrutiny of these schedules led to the rejection of 30 interview schedules on account of incomplete responses. Thus 50 completed the interview.

Table 1  
Consumer's occupation

Sl no	Age	No of respondents	Percentage
1	Less than 25	5	10
2	25-35 yrs	5	10
3	35-45 yrs	15	30
4	45-55 yrs	10	20
5	Above 55 yrs	15	30
	Total	50	100

Table 2  
Consumer's occupation

Sl no	Occupation	No of respondents	Percentage
1	Agriculturist	-	
2	Businessman	5	10
3	Employed govt service	15	30
4	Employed Pvt service	10	20
5	Professional	10	20
6	Housewife	-	
7	Others	10	20
	Total	50	100

Table 3  
Consumer's education

Sl no	Education level	No of respondents	Percentage
1	Normal education	-	-
2	School	-	-
3	Graduate	5	10
4	Postgraduate	15	30
5	Professional	25	50
6	Others	5	10
	Total	50	100

Table 4  
Consumer's Income

Sl no	Income level	No of respondents	Percentage
1	Less 10,000	-	-
2	10001-15000	-	-
3	150001-20000	5	10
4	200001-25000	5	10
5	Above 250000	40	80
	Total	50	100

#### *Purchase behavior of customers*

For determining the pre-purchase behavior of the customers, they were asked about the sources of information while purchasing a new product and who influenced their decision. The majority of respondents were found to be relying on friends and advertisements.

Table 6  
From where did you get the information about this brand?

Sl no	Sources	No of respondents	Percentage
1	Advertisements	15	30
2	Friends	15	30
3	Relatives	5	10
4	Dealers	5	10
5	Others	10	20
	Total	50	100

Table 7  
Who influenced your purchase decision?

Sl no	Factors to be influenced	No of respondents	Percentage
1	Self	20	40
2	Wife/ husband	10	20
3	Children	5	10
4	Parents	10	20
5	Friends	5	10
6	Peer group	-	-
	Total	50	100

Table 8  
Brand Name

Sl no	Brand name	No of respondents	Percentage
1	Hyundai	20	40
2	Honda	5	10
3	Maruti	15	30
4	Ford	2	4
5	Renault	2	4
6	Skoda	1	2
7	Mahindra	5	10
8	Others	-	
	Total	50	100

### 2.1 Test of Hypothesis

The consumer behavior towards passenger cars was analyzed with the help of following respondent's profile Occupation, Usage of the car, Income and Brand Name Chi-Square test =  $(O-E)^2/E$

Table 1  
Occupation and the Usage of Car

Occupation	Personal use	Social Status	Total
Business man	-	5	5
Govt service	5	-	5
Private sector	12	-	12
Professional	20	-	20
Others	8	-	8
Total	45	5	50

Chi-Square test

Occupation	Personal use	Social Status	Total
Business man	4.5	.5	5
Govt service	4.5	.5	5
Private sector	10.8	1.2	12
Professional	18	.2	20
Others	7.2	.8	8
Total	45	.5	50

O	E	(O-E)	(O-E) <sup>2</sup>	(O-E) <sup>2</sup> /E
0	4.5	-4.5	9	2
5	4.5	.5	1	.22
12	10.8	1.2	2.4	.22
20	18	2	1.6	.22
8	7.2	.8	9	.22
5	.5	4.5	1	18
0	.5	-.5	2.4	2
0	1.2	-1.2	4	2
0	.2	-.2	1.6	2
0	.8	-.8	1.6	2
		Total		28.88

## 2.2 Literature Review

Satya Sundaram (2008) analyzed how the competition makes the automobile manufacturer launch at least one new model or a variant of the model every year. This survey also pointed out that diesel cars are becoming popular in India and the announcement of reductions in excise duties by the government have helped to some extent to boost the demand. Gupta (2013) studied the influence of peer group in the purchase of a car with reference to Coimbatore District. It was also found that the influence of friends is higher for the purchase of small-sized and mid-sized cars. Brown et al (2010) analyzed the consumers' attitude towards European, Japanese, and US cars. The country-of-origin plays a significant role in the consumers' behavior. The brand name, lower price, and distributor's reputation completely have a significant impact on the sale of passengers' car. However, the present study differs from the above, in that, the buyer behavior in Hosur is sought to be analyzed here. The scope and the area of the study are unique in nature.

## 2.3 Objective of the Study

The objective of this study is to identify different sources of information used by the buyers and their role while making a purchase decision.

## 3. Results and Analysis

Degree of freedom =  $(C-1)(r-1) = 5$

For 5 degree of freedom at 55 level of significance = 9.49

Calculated value = 28.88 Table value = 9.49

The calculated value 28.88 is greater than the table value 9.49 and the hypothesis is rejected. Hence, there is a significant relationship between the occupation and usage of sources.

## Findings

Consumers in this region are influenced by various factors such as culture, family, reference, age, and lifestyle. The most important factor that influences the consumer passenger car is the price of cars, social status, and durability.

## 4. Conclusion

Consumer Behavior consists of all human behavior that goes in making purchase decisions. An understanding of the consumer behavior enables a marketer to take marketing decisions which are compatible with its consumer needs. There are four major classes of consumer behavior determinants and expectations, namely, cultural, socio-economic, personal and psychological.

Rising income has enhanced the purchasing power and more and more people are able to afford a car. Customer demands are dynamic, but its consideration is necessary for every company to make existence into the market. In a place like Hosur car has become a symbol of social status also. Customers are purchasing the cars not only as a means of transport but as a status symbol also.

## Conflict of interest statement and funding sources

The author(s) declared that (s)he/they have no competing interest. The study was financed by personal funding.

## Statement of authorship

The author(s) have a responsibility for the conception and design of the study. The author(s) have approved the final article.

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